

SECURITIES
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

OMB APPROVAL
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8- 43429

REPORT FOR THE PERIOD BEGINNING 01/01/2003 AND ENDING 12/31/2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Reich & Tang Distributors, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

600 Fifth Avenue

(No. and Street)

New York

NY

10020

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard De Sanctis

212-830-5200

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

(Name - if individual, state last, first, middle name)

125 High Street

Boston

MA

02110

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 29 2004

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

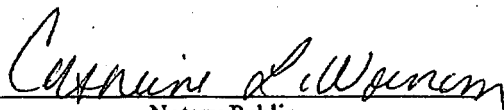
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SEC 1410 (06-02)

OATH OR AFFIRMATION

I, Richard De Sanctis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Reich & Tang Distributors, Inc., as of December 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature
Chief Financial Officer
Title


Notary Public

CATHERINE L. WORNOM
NOTARY PUBLIC, State of New York
No. 01W05048858
Qualified in Kings County
Commission Expires September 5, 192005

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Reich & Tang Distributors, Inc.

Statement of Financial Condition

December 31, 2003

Report of Independent Auditors

To the Board of Directors and Stockholder of Reich & Tang Distributors, Inc.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Reich & Tang Distributors at December 31, 2003, conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 4 to the financial statement, Reich & Tang Distributors, Inc. has extensive transactions with Reich & Tang Asset Management, LLC. Because of this relationship, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

PricewaterhouseCoopers LLP

February 26, 2004

Reich & Tang Distributors, Inc.
Statement of Financial Condition
December 31, 2003

Assets

Cash and cash equivalents	\$ 3,047,826
Receivables:	
Commissions	9,339
Distribution fees from funds (Note 4)	379,010
Reimbursement for distribution assistance (Note 4)	2,490,874
Property, equipment and leasehold improvements, net	37,535
Deposit with clearing broker	204,712
Other assets	<u>62,101</u>
 Total assets	 <u>\$ 6,231,397</u>

Liabilities and Stockholder's Equity

Distribution assistance payable (Note 4)	\$ 2,869,884
Accrued expenses	<u>31,981</u>
 Total liabilities	 <u>2,901,865</u>
 Stockholder's equity:	
Common stock, \$.01 par value, authorized 1,000 shares, issued 100 shares	1
Additional paid-in capital	1,808,019
Retained earnings	<u>1,521,512</u>
 Total stockholder's equity	 <u>3,329,532</u>
 Total liabilities and stockholder's equity	 <u>\$ 6,231,397</u>

Reich & Tang Distributors, Inc.

Notes to Financial Statement

1. Nature of Business and Significant Accounting Policies

Nature of Business

Reich & Tang Distributors, Inc. ("RTD" or the "Company") is a wholly owned subsidiary of CDC IXIS Asset Management Holdings, LLC ("CDC Holdings"), which is a wholly owned subsidiary of CDC IXIS Asset Management North America, L.P. ("CDC AMNA"). The Company provides brokerage and distribution services to investment advisory clients of affiliate Reich Tang Asset Management, LLC ("RTAM"). RTAM manages mutual funds that are sold through financial intermediaries and also provides discretionary management of equity and fixed income portfolios for institutions and individuals. RTAM is a wholly owned subsidiary of CDC AMNA. The Company is a regulated broker-dealer.

A summary of the Company's significant accounting policies follows:

Cash Equivalents

Cash equivalents include money market mutual funds sponsored by RTAM.

Revenue Recognition

Commissions and related clearing expenses paid to the clearing and execution broker are recorded on a settlement date basis, which does not differ materially from a trade date basis. Distribution fees are recognized as services are rendered. Distribution fees are computed on a percentage of mutual fund assets under management.

Capitalization and Depreciation

Property and equipment are stated at cost and are depreciated over periods ranging from 3 to 5 years using the straight-line method. Leasehold improvements are amortized using the straight-line method over the life of the lease. The cost of repairs and maintenance is expensed as incurred.

Income Taxes

The Company is included in the consolidated federal income tax return filed by CDC Holdings. The Company has an agreement with CDC Holdings, whereby RTD will not pay any income tax provision to CDC Holdings and will not receive any income tax benefit from CDC Holdings. Accordingly, any tax provision/benefit is deemed a contribution/distribution and is recorded as Additional Paid-in Capital in the Stockholders's Equity account to adjust for this agreement between RTD and CDC Holdings.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

2. Customer Transactions

Customer securities transactions are cleared through Neuberger Berman, LLC ("Neuberger") on a fully disclosed basis. Neuberger reflects all customer securities transactions on its books and records them in accounts that it carries in the names of such customers. Accordingly, the Company does not hold funds or securities for, or owe funds or securities to, its customers. The

Reich & Tang Distributors, Inc.

Notes to Financial Statement

Company is currently exempt from the requirement to maintain a "Special Reserve Account for the Exclusive Benefit of Customers."

3. Property, Equipment and Leasehold Improvements

Property, equipment, and leasehold improvements at December 31, 2003 consist of the following:

Property and equipment	\$ 53,016
Leasehold improvements	<u>56,089</u>
	109,105
Less: accumulated depreciation and amortization	<u>71,570</u>
	<u>\$ 37,535</u>

4. Transactions with Related Parties

The Company has an agreement with RTAM, whereby RTAM has agreed to bear all distribution expenses of the Company in excess of the distribution fees and reimbursements received by the Company from the sponsored mutual funds described in Note 1. Accordingly, the Company receives fees from the sponsored funds for providing distribution and administration services and remits them entirely to RTAM who acts as paying agent for the Company and the mutual funds in making payments to certain participating organizations with whom the Company has entered into written agreements. The agreements may be terminated at any time without the payment of any penalty upon 90 days written notice to either party. The amount due at December 31, 2003 is reflected as "Reimbursement for distribution assistance" in the accompanying Statement of Financial Condition.

At December 31, 2003, the Company had cash of \$3,047,826 invested in money market funds sponsored by RTAM.

5. Net Capital

The Company is subject to the net capital rule of the Securities and Exchange Commission. This rule prohibits a broker/dealer from engaging in securities transactions when its aggregate indebtedness exceeds 15 times its net capital as those terms are defined in the rule. Rule 15c3-1 also provides that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. As of December 31, 2003, the Company had net capital of \$204,054 which was \$10,596 in excess of its required net capital of \$193,458. The Company's ratio of aggregate indebtedness to net capital was 14.22 to 1.

Neuberger has elected to compute a reserve requirement with respect to proprietary accounts of introducing broker-dealers ("PAIB Calculation"). The PAIB Calculation is computed under SEC Rule 15c3-3 and allows the introducing broker to receive allowable asset treatment in its net capital calculation for proprietary assets held at their clearing broker. As of December 31, 2003, the Company had cash of \$204,712 on deposit at Neuberger and has classified this as an allowable asset in its net capital computation.

Reich & Tang Distributors, Inc.

Notes to Financial Statement

6. Off-Balance-Sheet Risk and Concentration of Credit Risk

As discussed in Note 2, the Company's customers' securities transactions are introduced on a fully disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection of and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge any losses it incurs to the Company. As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing broker, the Company believes there is no maximum amount assignable to this right. At December 31, 2003, the Company has recorded no liabilities with regard to the right. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and by ensuring that customer transactions are executed properly by the clearing broker/dealer. The Company has the right to pursue collection on performance from the counter-parties who do not perform under their contractual obligations. The Company monitors the credit standing of the clearing broker and all counter parties with which it conducts business.

Commissions receivable represent amounts due the Company from its clearing broker relating to customer securities transactions introduced by the Company.

7. Commitments and Contingencies

The Company may enter into agreements that contain certain representations and warranties and which provide general indemnifications. The Company serves as a guarantor of such obligations. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against RTD that have not yet occurred. The Company expects any risk of liability associated with such guarantees to be remote.

8. Subsequent Event

On February 23, 2004, CDC Holdings made an additional capital contribution of \$2,000,000 in cash to the Company.